Update of CalHFA's Debt Restructuring Plans

July 17, 2008



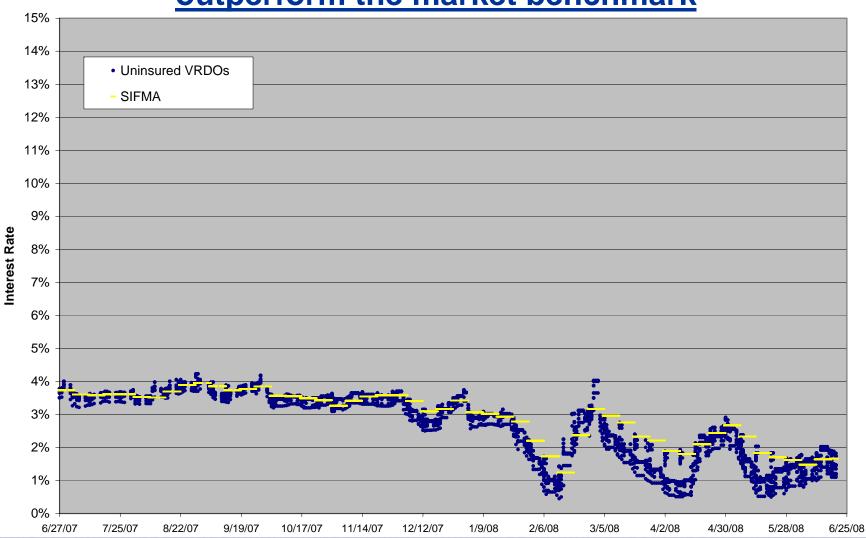
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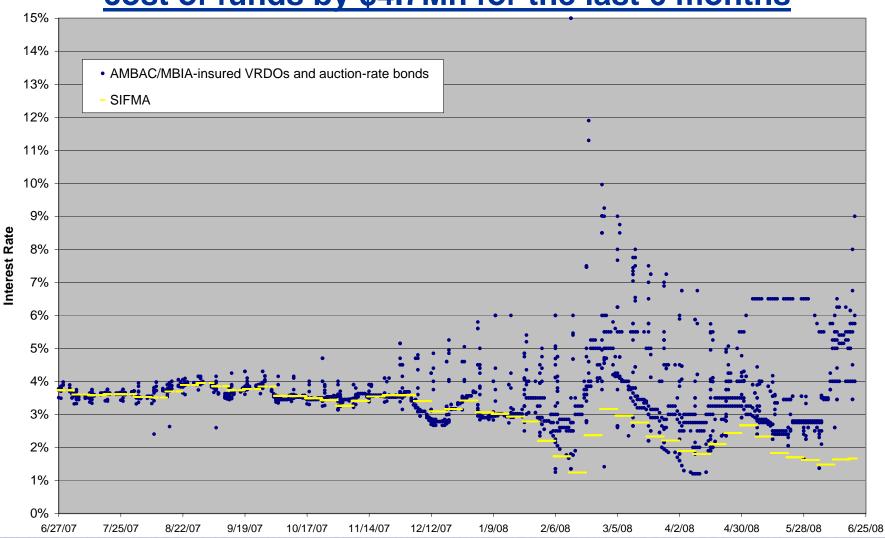


CalHFA's un-enhanced credit has continued to outperform the market benchmark



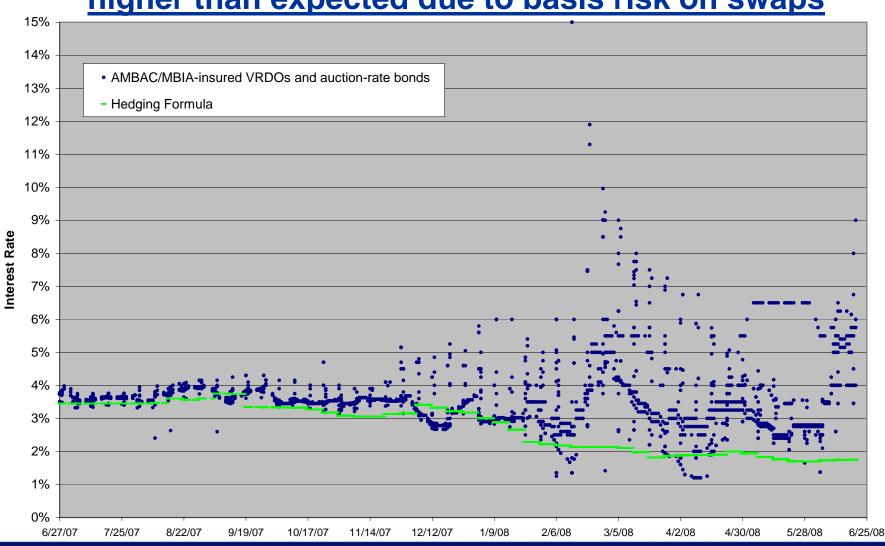


<u>Under-performing bonds have increased the Agency's cost of funds by \$4.7Mn for the last 6 months</u>





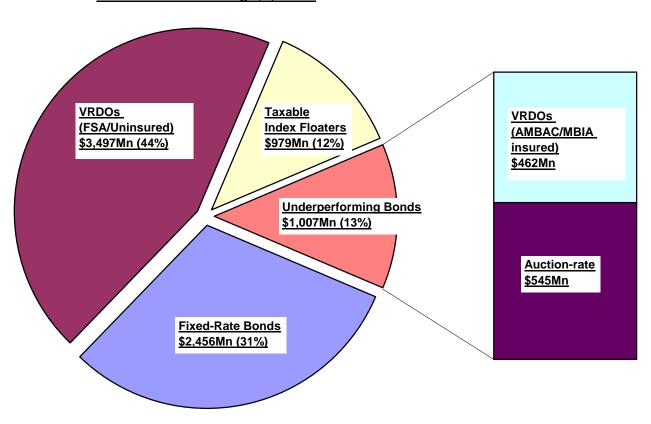
Total cost of funds, however, was actually \$5.2Mn higher than expected due to basis risk on swaps





Where we started: 13% of CalHFA's debt needed to be restructured (as of 2/29/08)

Total Debt Outstanding: \$7,939Mn





A risk management perspective of the CalHFA debt portfolio (as of 2/29/08)

					CalHFA	
	AMBAC	FGIC	FSA	MBIA	(uninsured)	Total
Auction-Rate	\$29	\$44	\$307	\$157	\$7	\$545
Fixed-Rate	\$114	\$948	\$68	\$229	\$1,096	\$2,455
Index Floaters	\$100		\$255	\$503	\$120	\$979
VRDOs (AMBAC/MBIA)	\$213			\$249		\$462
VRDOs (FSA)			\$678			\$678
VRDOs (uninsured)					\$2,819	\$2,819
	\$457	\$992	\$1,308	\$1,139	\$4,043	\$7,938

From CalHFA's	Market	Credit	Need to	
point of view	Risk	Risk	Restructure	Total
Debt in Red	Yes	Yes	Yes	\$1,007
Debt in Blue	Yes	Yes	No	<i>\$678</i>
Debt in Green	Yes		No	\$2,819
Debt in Black	No	No	No	\$3,434



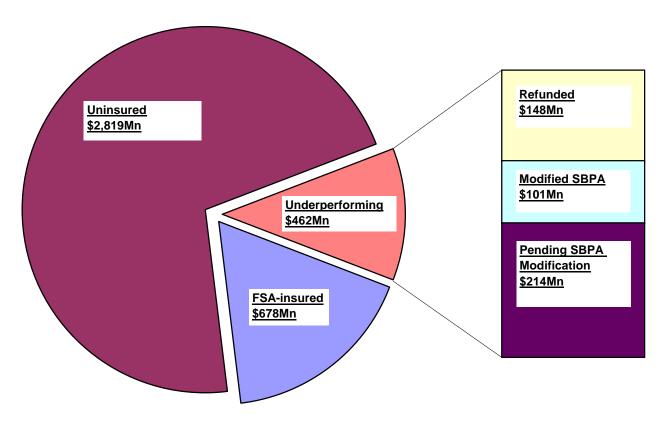
Current ratings of the monoline insurers and CalHFA's HMRB and G-O ratings

		Moody's			S&P's			Fitch
Investment Grade	- Aaa	FSA		AAA	FSA		AAA	FSA
	Aa1			AA+			AA+	
	Aa2		<i>HMRB</i>	AA	AMBAC/MBIA		AA	
	Aa3	AMBAC	G-O	AA-		HMRB/G-O	AA-	
	A1			A +			A +	
	A2	MBIA		Α			Α	
	A 3			Α-			Α-	
	Baa1			BBB+			BBB+	
	Baa2			BBB			BBB	FGIC
l	Baa3			BBB-			BBB-	
Speculative Grade	Ba1			BB+			BB+	
	Ba2			BB	FGIC		BB	
	Ba3			BB-			BB-	
	B1	FGIC		B+			B+	
l								
Withdrawn Rating	-						A	AMBAC/MBIA



What has been done: Restructured \$248Mn of \$462Mn of underperforming VRDOs

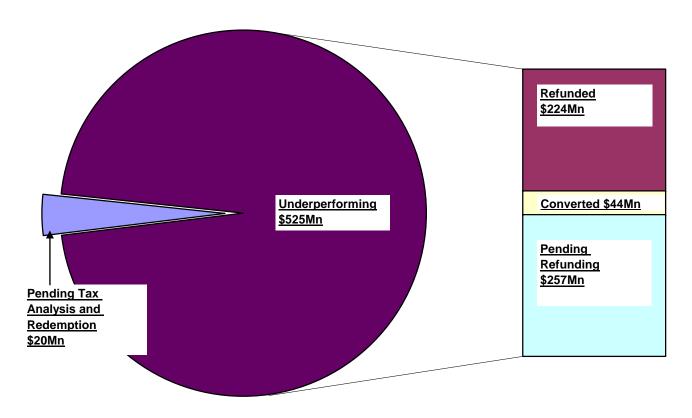
Total VRDOs Outstanding: \$3,959Mn





What has been done: Restructured \$268Mn of \$545Mn of auction-rate securities

Total auction-rate securities outstanding: \$545Mn





CalHFA debt portfolio after initial round of restructurings (as of 8/1/08)

					CalHFA	
	AMBAC	FGIC	FSA	MBIA	(uninsured)	Total
Auction-Rate	\$12		\$164	\$60	\$7	\$243
Fixed-Rate	\$109	\$927	\$146	\$217	\$1,453	\$2,852
Index Floaters	\$97		\$248	\$483	\$270	\$1,098
VRDOs (AMBAC/MBIA)	\$113			\$192		\$305
VRDOs (FSA)			\$662			\$662
VRDOs (uninsured)					\$3,161	\$3,161
	\$331	\$927	\$1,220	\$952	\$4,891	\$8,321

From CalHFA's	Market	Credit	Need to	
point of view	Risk	Risk	Restructure	Total
Debt in Red	Yes	Yes	Yes	<i>\$548</i>
Debt in Blue	Yes	Yes	No	<i>\$662</i>
Debt in Green	Yes		No	\$3,161
Debt in Black	No	No	No	\$3,950



What still needs to be done: Restructuring of \$548Mn

	Und	Under-performing Bonds			Next Round of Restructurings		
		Projected Projected					
	Balance as	Redemption	Balance as		Available		
	of 2/1/08	on 8/1/08	of 8/1/08		Liquidity?		
<u>VRDOs</u>							
SBPA Modification							
AMBAC-insured	\$120	-\$7	\$113	convert/refund	Yes		
MBIA-insured	\$194	-\$2	\$192	convert	Yes		
Refunded	\$148						
Auction-rate							
Pending Refunding							
FSA-insured	\$190	-\$26	\$164	convert	TBD		
MBIA-insured	\$67	-\$7	\$60	convert	TBD		
Pending Tax Analysis	\$20	-\$1	\$19		Yes		
Refunded/Converted	\$268						
	\$1,007		\$548	•			



Potential future road blocks

- Availability of liquidity facilities
 - Debt restructurings
 - Multi-family pipeline
 - Ongoing renewals
- Dexia's commitment in maintaining FSA's triple-A rating
- Weakening credit outlook for financial partners
 - Swap counterparties
 - Remarketing agents
- Changing rating agency criteria may impact CalHFA's ratings
 - S&P's recently released an article on the effect of mortgage insurer downgrades on the municipal housing sector